The Manufacturers Hanover

Financial Digest

Economic Commentary, Selected Financial Data, and Business Indicators

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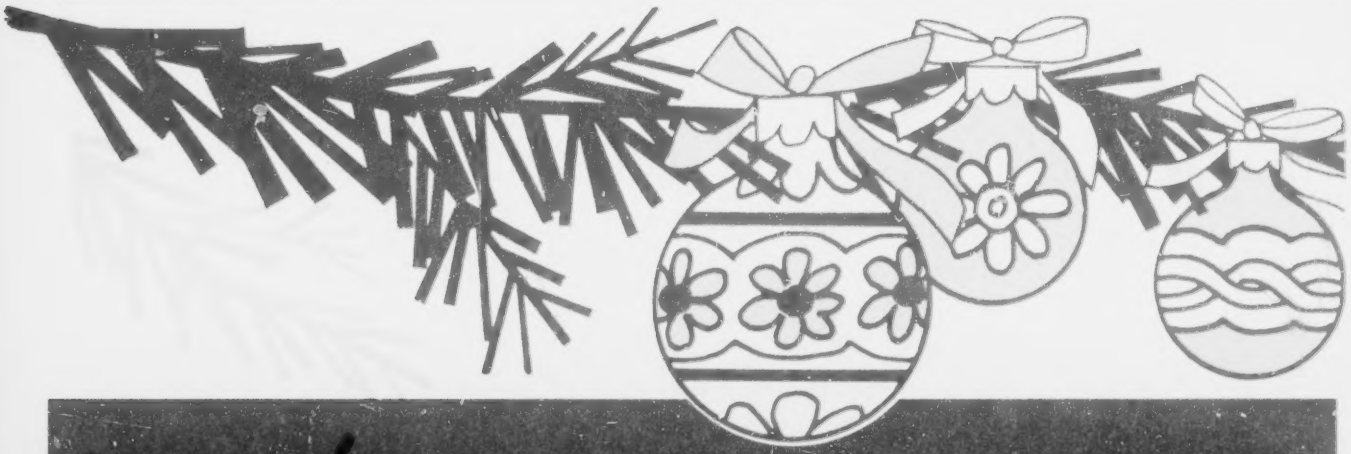

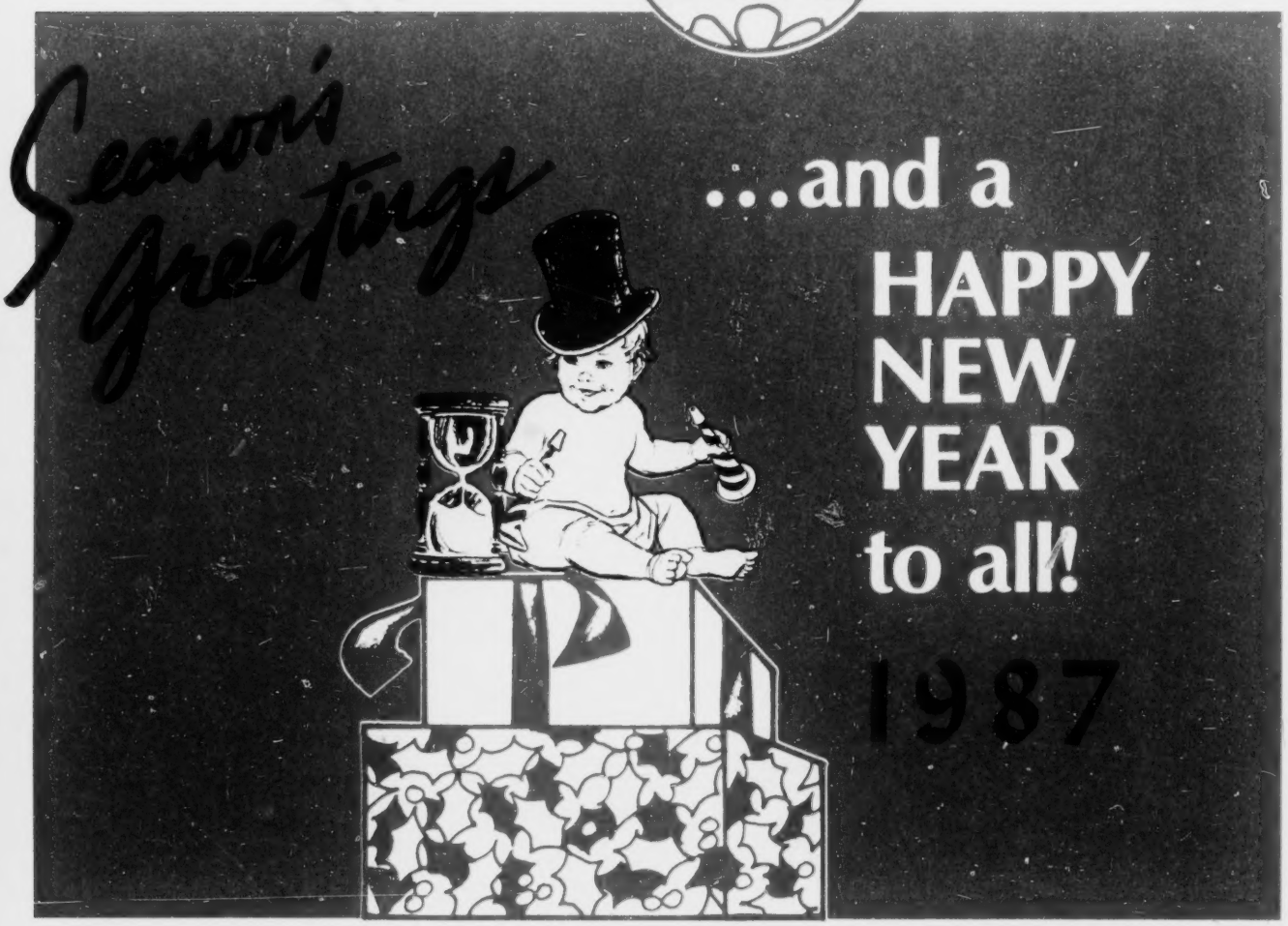

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270 Park Avenue, New York, N.Y. 10017

Selected Federal Reserve Data

(Averages of Daily Figures—Billions of Dollars)

	Week Ending 12/17/86	$ Change Since Week Ago	$ Change Since Year Ago
Reserve Bank Credit			
U.S. Gov'ts and Agencies Owned Outright & RPs	206.624	+ .119	+20.096
Loans to Depository Inst.	.644	+ .261	− .357
Float	1.065	+ .186	− .072
Total Reserve Bank Credit	224.447	+ .937	+21.326
Treasury Deposits with Federal Reserve Banks	3.524	+ .730	− .252
Currency in Circulation	208.369	+ .448	+13.622
Gov'ts held for Foreign Acct. by F.R. Banks (End-of-Week)	164.764	− .701	+38.829
	12/17/86		
Member Bank Reserves:			
Total Reserves Held	55.869	+ 1.192	+ 9.452
Excess (Deficiency)	.514	− .096	− .327
Net Free Reserves	.619	− .311	− .108

Monetary Aggregates†		$ Change Since Three Months Ago*	$ Change Since Year Ago
M1 (12/8/86)	720.7	+ 14.6‡	+ 15.1‡
M2 (November '86)	2,780.1	+ 8.2	+ 9.0
M3 (November '86)	3,460.6	+ 7.0	+ 8.8
Domestic Nonfinancial Debt (2nd Q'86)	7,181.0	+ 11.5	+ 13.1

†Seasonally adjusted.

*Seasonally adjusted annual rate.
‡Four-week moving average.

New York Money Market

Offering Rates 12/18/86	3 Months	6 Months	1 Year
‡U.S. Treasury Bills	5.75%	5.81%	5.86%
* Federal Agencies	5.88	5.80	5.72
* Municipal Notes—High Grade (46% Taxable Equivalent)	6.48	7.22	7.59
Negotiable Time CDs Manufacturers Hanover	Rates By Arrangement		
* Secondary Market—Prime	6.18	6.08	6.10

‡Finance Company Paper—Prime

5- 14 days	6.25%
15- 29 days	6.70
30- 59 days	6.40
60- 89 days	6.10
90-179 days	5.90
180-239 days	5.80
240-270 days	5.80

‡* Bankers' Acceptances

Jan.	6.85%
Feb.	6.40
Mar.	6.20
Apr.	6.07
May	6.00
Jun.	5.95

‡Industrial Paper—Prime

30- 89 days	6.45%
90-120 days	6.08

†Federal Funds Effective Rate 6.40%

‡Discount basis. *Subject to availability. †Estimated.

Selected Business Indicators

(All Dollar Figures in Billions)

		Latest Period or End of Period	Previous Period	Year Ago Period
Gross National Product (Current Dollars)*	3rd Q'86	$ 4,241r	$ 4,176	$ 4,031
Gross National Product (1982 Dollars)*	3rd Q'86	$ 3,686r	$ 3,661	$ 3,604
Percent Change, Annual Rate	3rd Q'86	2.8r	0.6	4.1
Change in Consumer Prices*	Nov '86n	0.3%	0.2%	0.6%
Change in Producer Prices*	Nov '86n	2.4%	3.6%	8.4%
Civilian Employment (Thousands of Persons)†	Nov '86	110,371	110,240	107,969
Unemployment as % of Civilian Labor Force†	Nov '86	7.0%	7.0%	7.0%
Personal Income*	Nov '86n	$ 3,531	$ 3,520r	$ 3,372
Leading Indicators Composite Index (1967=100)†	Oct '86	180.5	179.5	171.6
Industrial Production Index (1977=100) †	Nov '86n	125.9	125.2	124.8
Net Change in Consumer Installment Credit †	Oct '86	$ 6.78	$ 7.72	$ 6.56
U.S. Merchandise Trade Balance	Oct '86	−$ 12.06	−$ 14.74	−$ 14.17
Plant and Equipment Expenditures*	1st Q'87n	$386.82(a)	$394.34(a) r	$377.94
Private Housing Starts (Thousands of Units)*	Nov '86n	1,598	1,628r	1,654
New Construction Expenditures*	Oct '86	$ 386.5	$ 380.3	$ 374.0
Total Business Inventories †	Oct '86n	$ 591.3	$ 588.1r	$ 582.0
Total Business Sales †	Oct '86n	$ 435.3	$ 442.2r	$ 426.1

*Seasonally adjusted annual rate. †Seasonally adjusted. n-Newly reported figure. r-Revised. a-Anticipated.

Short Term Paper Outstanding
(Millions of Dollars)

	Latest Week	Change Since Week Ago	Change Since Year Ago
Time Deposits of $100,000 or more Weekly Reporting Banks			
Nationwide (12/3/86)	151,403	– 467	– 5,693
New York City (12/10/86)	34,229	– 161	+ 211
Commercial Paper (12/10/86)	324,974	+ 471	+32,365

Bank Loans
(Millions of Dollars)

Commercial and Industrial Loans

Weekly Reporting Large Commercial Banks	Latest Week	Change Since Week Ago	Change Since Year Ago
Nationwide (12/3/86)	266,298	+ 2,984	+ 8,373
New York City (12/10/86)	61,619	– 668	+ 2,317

Total Loans and Leases Gross Adjusted

	Latest Week	Change Since Week Ago	Change Since Year Ago
Nationwide (12/3/86)	764,729	+ 361	+ 53,420
New York City (12/10/86)	168,803	– 2,079	+ 12,543

Financial Markets

	Thursday 12/18/86	Change Since Week Ago	Change Since Year Ago
U.S. Governments, Closing Yields:			
90-Day Bills†	5.73%	+ .14	– 1.59
180-Day Bills†	5.81	+ .10	– 1.58
Longest Bills†	5.87	+ .07	– 1.64
Recent Issues:			
6 1/4s 11/31/88	6.28	+ .08	
6 3/4s 9/30/90	6.41	– .17	
7 1/4s 11/15/96	7.10	– .02	
7 1/2s 11/15/16	7.38	–0–	
Municipals:			
Bond Buyer–20 Bond Index* (12/18/86)	6.92%	– .02	– 1.46
Blue List Total ($ Million)	$2,965	–$ 363	+ $ 829
30-Day Visible Supply ($ Million)	$1,126	–$2,001	– $ 262
Total	$4,091	–$2,364	+ $ 567
Corporates:			
Moody's Aa Composite (12/18/86)	9.03%	+ .02	– 1.45
30-Day Visible Supply ($ Million)	$3,233	–$ 503	+ $2,583
Stocks:			
Dow-Jones Averages:			
Industrials	1,912.82	– 10.83	+ 369.82
Transportation	825.34	– 15.78	+ 114.08
Utilities	211.02	+ .98	+ 36.06
65 Stocks	747.92	– 5.98	+ 131.57
N.Y.S.E. Composite Index	141.10	– .92	+ 19.78
N.Y.S.E. Avg. Daily Vol. for Week (000's)	152,383	+14,195	– 1,263

* 46% Taxable equivalent 12.81%.

† Bond equivalent.

International Rates

EURODOLLAR DEPOSIT RATES (bid)	Thursday 12/18/86	Week Ago
Overnight	6.38%	5.75%
1 month	6.89	6.31
3 month	6.31	6.06
6 month	6.13	6.00
1 year	6.13	6.00
EURODOLLAR BONDS		
Average Yield		
Medium Term (5 to 7 yrs.)	7.13%	7.08%
Long Term (7 to 15 yrs.)	7.93	7.88

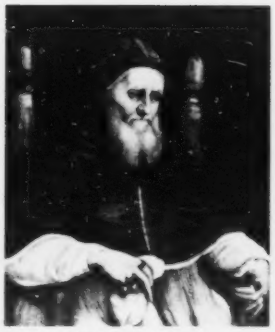
FOREIGN EXCHANGE SPOT RATES

New York Opening (12/18/86)	U.S. $ Equivalent	Currency Per U.S. $
Canada	.7246	1.3800
France	.1517	6.5910
Germany	.4976	2.0095
Italy	.0007170	1394.75
Japan	.006138	162.93
Mexico	.001121	892.30
Switzerland	.5928	1.6870
U.K.	1.4280	.7003

MH TRADE-WEIGHTED DOLLAR* (12/18/86)	Change Since Week Ago	Change Since 2/27/85
	+ 0.2%	– 3.4%

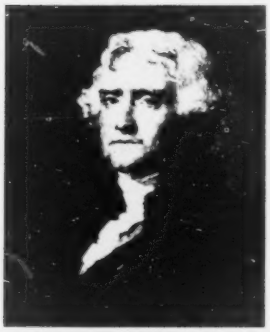
*Adjusted for Inflation

15th Century: Lorenzo de Medici and his family lead the cultural flowering of Florence.



1508: Pope Julius II commissions Michelangelo to paint the Sistine ceiling.

1717: George I is honored by the composition of Handel's *Water Music*.



18th Century: Thomas Jefferson becomes a noted patron of the arts.

1829: James Smithson of London bequeaths his fortune to the U.S. to establish a museum.

1892: Andrew Carnegie provides the funds to build Carnegie Hall.

Manufacturers Hanover is pleased to carry on the tradition of private sponsorship of the arts for the benefit of the public.

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Among the recent events which Manufacturers Hanover helped make possible: *The Vatican Collections: The Papacy and Art*, Metropolitan Museum of Art, Spring 1984; *Van Gogh in Arles*, Metropolitan Museum of Art, Fall 1984; *Treasures from The New York Public Library*, Spring 1985. Two ongoing programs for which we provide support are the American Ballet Theater and the subtitle program of the New York City Opera.

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